

Blog Post

The Employer's Winter Games: New York's Q1 2026 Legal Update

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Much like the season's unpredictable snowstorms, recent developments in New York's state and local employment laws have arrived quickly and with the potential to disrupt even the most carefully charted workplace policies. This year's regulatory forecast calls for more than just sturdy boots to ensure your organization doesn't slip on the latest changes. Read on for an overview of everything employers with employees in New York need to know as Q1 comes to a chilly close.

Disparate Impact Discrimination and Retaliation for Reasonable Accommodation

In December 2025, the New York State Human Rights Law (NYSHRL) was amended to officially recognize discrimination claims based on a disparate impact theory. While disparate impact claims are far less common than disparate treatment claims, this amendment clarifies that discrimination claims can also be established "by a practice's discriminatory effect, even if such practice was not motivated by a discriminatory intent." The NYSHRL was also amended in December to explicitly prohibit retaliation against individuals who request reasonable accommodations. These amendments largely codify existing interpretations rather than introduce new obligations. However, employers should review their policies and training to ensure

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compliance and reinforce anti-retaliation protections.

Minimum Wage and Exempt Salary Thresholds Increase

Effective January 1, 2026, the minimum wage increased to \$17/hour in New York City and Westchester, Nassau, and Suffolk counties and to \$16/hour in the rest of the state. The salary threshold for exempt administrative and executive employees under the New York Labor Law also rose to \$1,275/week (\$66,300/year) in the metropolitan counties and \$1,199.10/week (\$62,353.20/year) elsewhere in the state. Employers should review employee classifications and update pay notices as required by New York Labor Law § 195(2).

Earned Sick and Safe Time Expansion

As we previously reported, New York City's Earned Sick and Safe Time Act (ESSTA) was expanded effective February 22, 2026, significantly increasing employer obligations and employee entitlements regarding sick leave. Employers must now provide a new, frontloaded 32-hour bucket of unpaid leave each year, permit leave for additional qualifying reasons, and maintain ongoing payroll reporting requirements. Employers should review and update their policies, handbooks, and payroll systems to ensure compliance with these significant changes.

Prohibition on Use of Consumer Credit History in Employment Decisions Enters the Horizon

The New York Fair Credit Reporting Act is being amended to prohibit most employers from requesting or using consumer credit history in making employment decisions for applicants or employees. Exemptions apply for certain positions, including (i) roles requiring state or federal security clearance; (ii) positions where a government agency requires credit history checks; (iii) employees with signatory authority or fiduciary responsibility over \$10,000 or more; and (iv) positions with regular

duties involving modification of digital security systems established to prevent the unauthorized use of the employer's or client's networks or databases. The amendment takes effect April 18, 2026, and aligns state law more closely with the New York City Stop Credit Discrimination in Employment Act. It remains unclear whether the amended law will apply to New York employees working out of state.

Ban on "Stay or Pay" Agreements

Following its West Coast counterpart, New York is now joining California in banning Training Repayment Agreement Provisions (TRAPS), also known as "stay or pay" agreements. The Trapped at Work Act amends the New York Labor Law to prohibit "employment promissory notes" that require employees to agree to repay employers if they leave before a specified period. Such provisions are now unenforceable. However, there are notable exceptions. The Act does **not** prohibit (i) repayment for property voluntarily sold or leased to the worker; (ii) repayment of bonuses, relocation assistance, or other non-educational incentives (with certain exceptions); (iii) voluntary tuition-repayment agreements that relate to transferable educational credentials (subject to conditions); (iv) sabbatical agreements for education employees; and (v) agreements resulting from collective bargaining. There is no private right of action, and penalties range between \$1,000 and \$5,000 per violation.

After amendments narrowing its scope, the Act became effective February 17, 2026, and applies only to agreements signed on or after that date.

Forecast for New York Employers

Just like the weather, the employment law landscape in the Empire State is always changing. Employers with workers in New York should contact their Akerman Labor and Employment attorney to understand how these changes impact their business.

This information is intended to inform firm clients and friends about legal developments, including recent decisions of various courts and administrative bodies. Nothing in this Practice Update should be construed as legal advice or a legal opinion, and readers should not act upon the information contained in this Practice Update without seeking the advice of legal counsel. Prior results do not guarantee a similar outcome.